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Proposals for reporting on the multi-year funding framework, 2004-2007*

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* The collection and analysis of data required to present the Executive Board with the most current information has delayed submission of the present document.

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I. Introduction

1. In response to decision 2003/24, taken by the Executive Board at its second regular session in September 2003, this document presents proposals for a framework under which UNDP will report to the Board on the implementation of the second multi-year funding framework (MYFF), 2004-2007 (DP/2003/32). In this decision, the Board, inter alia, endorsed the MYFF, 2004-2007, and requested UNDP to submit proposals for a reporting mechanism for the MYFF at its first regular session in January 2004.

2. The proposed reporting framework was prepared following a series of informal consultations with Executive Board members during which valuable feedback on the purpose, objectives and planned components of the reporting framework was received. This interaction is an ongoing process, initiated in early 2002, through which UNDP has periodically engaged members of the Board during the finalization of the MYFF, 2004-2007, and now in connection with issues relating to its implementation on which UNDP needs strategic or policy guidance from the Board.

3. Internally, the proposals contained in this document are the product of wide-ranging and intensive discussions at all levels, including country offices and headquarters units. Full use has been made of practice knowledge networks, virtual discussions, and the global resident representatives meeting held in October 2003, to ensure a participatory process in the development of the reporting framework.

4. It should be noted that the reporting framework proposed in this document is one element of a comprehensive corporate effort towards the results-centred organizational transformation that lies at the heart of the MYFF. The framework rests critically upon, and is indeed derived from, a broader management information system that UNDP is implementing to meet its internal needs for results planning, monitoring, implementation and oversight. Since the information proposed for presentation to the Board coincides in many respects with the internal corporate oversight needs of the organization, its generation is expected to be a by-product of ongoing programme implementation, so that there will be no need to set up separate systems for the purpose.

5. The MYFF, 2004-2007, is an integrative framework, bringing together and elucidating the links between the development goals of the organization and its human and financial resources. Consequently, reporting on the MYFF, 2004-2007, will be broader in scope than it was for the first MYFF, 2000-2003. The reporting proposals contained in this document envisage the elimination of a number of reports currently being submitted concurrently to the Executive Board, including reporting on the thematic trust funds. Reporting under the MYFF, 2004-2007, should also be seen as complementary to, and providing the empirical basis for, the Administrator's annual report.

I. Background

6. The MYFF, 2004-2007, described the five strategic goals and 30 service lines to be pursued by the organization and detailed the organizational strategies that will be followed over the MYFF period. The service lines were defined by country demand

in the first instance, but equally by an assessment of the comparative strengths of UNDP. Based on the empirical evidence of programme choices being made on the ground by programme countries, and linked to the global consensus reflected in the Millennium Declaration and the Millennium Development Goals (MDGs), the strategic directions proposed in the MYFF, 2004-2007, define a common ground where the two converge.

A. Recapitulation of MYFF components

A1. Strategies, goals, service lines and results

7. The strategic goals and service lines embodied in the MYFF were carefully selected to be consistent with the overall mandate of UNDP, including those functions assigned to it more recently at the World Summit for Sustainable Development and the International Conference on Financing for Development. The definition of service lines has depended, as stated above, primarily on country demand and also on an assessment of the institutional capacity of UNDP to provide the technical and substantive support to ensure high-quality programmes in programme countries.

8. Corporately, the service lines provide an excellent focus for a more precise definition of the ultimate results that UNDP wants to achieve. The service lines represent the substantive areas behind which UNDP plans to align its expertise and resources, and manage itself more efficiently. The table below, for ready reference, shows the 30 service lines that have been approved by the Executive Board as part of the MYFF, 2004-2007.

9. The MYFF, 2004-2007, is in essence a framework for enhancing organizational performance under the areas circumscribed by the service lines. To do this, the MYFF identifies three sets of organizational strategies that will be critical to the ability of UNDP to serve as an effective partner with programme countries. The *first* strategy focuses on five key 'drivers' that will influence the success of UNDP in implementing sustainable programmes at the country level. The five drivers are: (a) developing national capacities; (b) enhancing national ownership; (c) advocating and fostering an enabling policy environment; (d) promoting gender equality; and (e) forging partnerships for results. While other development drivers can be identified, these five are considered by UNDP to be particularly germane to its programmes, given the comparative strengths, areas of expertise, global norms and development values of the organization.

10. The *second* set of strategies consists of actions to build the organizational capacities of UNDP, including initiatives to provide broad-based knowledge services and improve internal efficiency and performance. In the former area, actions are envisaged to enhance staff participation in the practices; strengthen policy and substantive support provided through the subregional resource facility (SURF) system; increase learning and training; and upgrade information and communication technology for knowledge management. Efficiency and performance will be improved by strengthening the regional support facilities, improving client service and productivity through implementation of the Enterprise Resources Planning (ERP) system and the re-engineering of business processes, improving people and talent management, increasing flexibility in the deployment of human and financial resources, and enhancing oversight and accountability.

UNDP service lines

Goal 1. Achieving the MDGs and reducing human poverty

1.1 MDG country reporting and poverty monitoring
1.2 Pro-poor policy reform to achieve MDG targets
1.3 Local poverty initiatives, including microfinance
1.4 Globalization benefiting the poor
1.5 Private-sector development
1.6 Gender mainstreaming
1.7 Civil society empowerment
1.8 Making ICTD work for the poor

Goal 2. Fostering democratic governance

2.1 Policy support for democratic governance
2.2 Parliamentary development
2.3 Electoral systems and processes
2.4 Justice and human rights
2.5 E-governance and access to information
2.6 Decentralization, local governance and urban/rural development
2.7 Public administration reform and anti-corruption

Goal 3. Energy and environment for sustainable development

3.1 Frameworks and strategies for sustainable development
3.2 Effective water governance
3.3 Access to sustainable energy services
3.4 Sustainable land management to combat desertification and land degradation
3.5 Conservation and sustainable use of biodiversity
3.6 National/sectoral policy and planning to control emissions and persistent organic pollutants

Goal 4. Crisis prevention and recovery

4.1 Conflict prevention and peace building
4.2 Recovery
4.3 Small arms reduction, disarmament and demobilization
4.4 Mine action
4.5 Natural disaster reduction
4.6 Special initiatives for countries in transition

Goal 5. Responding to HIV/AIDS

5.1 Leadership and capacity development to address HIV/AIDS
5.2 Development planning, implementation and HIV/AIDS responses
5.3 Advocacy and communication to address HIV/AIDS

11. The *third* area concerns the intention of UNDP to deepen partnerships within and outside the United Nations system in order to promote a coherent, effective development effort in programme countries. Recognizing that numerous stakeholders must collaborate at all levels, UNDP intends to enhance and deepen partnerships within the United Nations system and with external counterparts. This will be done by strengthening the role of resident coordinators in building partnerships around the MDGs and by implementing the simplification and

harmonization agenda of the United Nations Development Group (UNDG) to enhance collective impact at the country level.

B. The MYFF as an integrated results and management system

12. UNDP views the MYFF, 2004-2007, as an integrated strategic results and management system that can very significantly move the organization towards enhanced performance. There are three reasons for this: *First*, it has provided better conceptual clarity by anchoring all efforts to the overarching framework of the MDGs, aligning and elucidating the connections between results, practice areas, organizational capacities and resources. *Second*, by reducing the number of substantive goals and establishing a reduced set of specific service lines, it is expected to sharpen the strategic focus and profile of what UNDP does. *Third*, it has helped to take results orientation to the next stage throughout UNDP, by directly linking results with organizational resources (both human and financial) in a single integrated framework.

13. The integrated nature of the MYFF makes it a good vehicle for consolidating reform to improve performance in UNDP and provide a clear basis and starting point for planning, monitoring and accountability at every level, from the corporate to the individual. Managing for development results in UNDP can be seen as the implementation of a four-step cycle, as follows:

(a) The definition of strategic goals that provide a focus for action. While the MYFF, with its goals, service lines and organizational strategies, serves as a corporate results frame, these are translated into country-level results that are based, inter alia, on national priorities, the common country assessment (CCA) and United Nations Development Assistance Framework (UNDAF) processes and the country context.

(b) The specification of expected and measurable results that contribute to these goals and align programmes, partnerships and resources behind them. At the country level, the country programme, programme and project documents, and a host of operational strategies serve as the planning instruments through which the results strategies can be implemented.

(c) Ongoing monitoring, assessment and reporting of performance, integrating lessons learned into future planning. Programme and project evaluations, the expanded audit, the balanced scorecard and monitoring visits by headquarters are some of the major instruments being used to continuously improve results planning based on lessons learned.

(d) Improved accountability based on continuous feedback.

14. Over the past four years, UNDP has been implementing and internalizing the 'virtuous circle' that the above process implies. This has led the organization to adjust and refine its strategy towards managing for development results.

15. The goals of the MYFF related to substantive and organizational capacity thus serve as an excellent frame for designing the reporting framework through which UNDP proposes to report to the Executive Board. The next chapter outlines the conceptual underpinnings of the proposed reporting arrangements.

III. Conceptual underpinnings of the reporting framework

A. What should the reporting framework achieve?

16. The approval of the MYFF, 2004-2007, has raised expectations to new levels. Through the MYFF, UNDP asks to be judged by its performance against the service lines and organizational strategies as it pursues greater organizational effectiveness. Any reporting framework should mirror this ambition and demonstrate that UNDP supports vital interventions in focus areas, is sharpening focus within the areas in which it works, and is both restructuring internally and partnering externally to optimize development results.

17. Accordingly, the reporting to the Executive Board proposed in this document will be succinct, analytical, and organized so as to enable the Board to monitor, assess and provide guidance on key strategic objectives such as programme focus, programme positioning, the coordinating role of UNDP, and organizational strategies to achieve MYFF goals.

18. UNDP recognizes the need to be as specific and quantitative as possible in its reporting to the Executive Board. However, given the wide range and diversity of development services provided by UNDP as reflected in the service lines, the reporting will have to be presented at different levels of precision for different purposes. The information provided to the Board will include both quantitative and qualitative data,[1] aggregated for reporting purposes using a variety of methodological approaches described in this document. Current thinking envisages a range of reporting areas, to serve both the internal management needs of UNDP and the requirements of external reporting, including to the Board. The reporting hierarchy, reflective of an integrated vision of performance in UNDP and on which corporate reporting to the Board will be based, can be presented generically as follows:

(a) At the apex of the reporting hierarchy will be strategic aggregate information presented in summary form to enable the Board to monitor higher-level MYFF goals. The main components of this analysis will include the extent to which country programmes achieve a *strategic focus* in congruence with corporate goals; the *criticality and positioning* of country programmes; and the effectiveness of the *partnership and coordination* role of UNDP in a collective effort towards intended results.

(b) At the next level a more qualitative, nuanced and synthesized analysis of key results by MYFF goal and service line , and organizational performance in implementing the drivers of development effectiveness , will be carried out. In

[1] As noted in the reviews of results-based practices conducted by the Development Assistance Committee of the Organisation for Economic Co-operation and Development, most development agencies agree that both quantitative and qualitative indicators may be useful, and that selecting one or the other should depend on the nature of the assistance programme or result. Quantitative indicators are readily available in such sectors of development assistance as family planning, education, agriculture etc. But in other, "softer" intervention areas, such as democracy and good governance, policy reform, or institutional capacity-building, the nature of results are such that qualitative indicators and methods are more appropriate or feasible.

addition, a summary of the results achieved in building organizational capacities and partnerships will also be part of the analysis at this level.

(c) A third level will comprise more detailed and corporate and country-specific analyses of performance for each service line and core result area. Though primarily intended to meet internal management needs, this will form the basis for the synthesis referred to in (b) above.

19. Reporting of UNDP to the Executive Board on the MYFF will primarily include (a) and (b) above. Proposed reporting formats are outlined in Chapter V.

B. Methodological issues: attribution and aggregation

20. During the first MYFF, 2000-2003, UNDP tried to monitor programme results, focus and positioning through the concepts and methods of managing for development results. The elements of the chain of results, including outputs and outcomes, were defined by UNDP in accordance with the terminology of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).[2]

21. Lessons learned during the first years of practicing results-based approaches have shown that a clearer understanding is needed as to what constitutes outcomes and outputs, as well as a more uniform application of these concepts by UNDP country offices.

B1. Attribution

22. As experiences with results orientation have evolved, practitioners have continued to consider ways of resolving key issues in measuring development results. Among the more challenging of these is *attribution*. Development change is the result of the combined effort of many partners, and its occurrence does not necessarily imply a positive contribution by UNDP. Conversely, the most effective and inspired contributions of UNDP on their own can have little effect if other important efforts and variables, over which the organization has no control, do not materialize. Clearer criteria therefore need to be applied in defining the intended outcome as a development change that UNDP seeks to help bring about, in partnership with other players. This means, inter alia, that:

[2] *Outputs* are the products and services that result from the completion of activities within a development intervention. *Outcomes*, on the other hand, are the intended or achieved short-term and medium-term effects of an intervention's outputs, usually requiring the collective effort of partners. Outcomes represent changes in development conditions that occur between the completion of outputs and the achievement of impact. Both terms are harmonized with the Executive Committee members of UNDG and consistent with the OECD/DAC 'Glossary of Key Terms in Evaluation and Results-based Management, 2002.'

(a) Outcomes are selected at a level where the influence of UNDP over the result as both a provider of development service and a coordinator of partners' contributions can be clearly identified[3];

(b) UNDP has a critical and coordinating role in the outcome-centred partnership, and can therefore significantly influence the collective result; and

(c) The development change reflected in the outcome can be meaningfully measured during the MYFF period.

23. It is expected that by applying these criteria to establishing outcomes, the offices will reinforce country-level focus by making a strategic selection of intended outcomes in a way that allows UNDP to best exercise its positioning and influence in critical areas of assistance and to enable measurement of progress during the MYFF period.

B2. Aggregation

24. The *aggregation and categorization* of results has remained a perennial issue for development partners. How can organizations bring together results in a way that enables quality analysis and reporting? This issue is particularly challenging for UNDP, given the diversity of development services provided and the vastly different country contexts from which 130 country offices report results. Additionally, it proved to be difficult, in the first MYFF period, to aggregate and organize in any meaningful way (for analytical and reporting purposes) the disparate and diverse outcomes formulated independently in 130 country programmes.

25. Recently UNDP policy specialists, drawing on an empirical analysis of good practice and lessons learned from the global experience of development cooperation over several decades, have been able to distil and articulate a set of *core results* for each service line. These core results represent outcomes, for each service line, that country programmes should be seeking to achieve to promote development change in that area. Furthermore, these core results embody the distinct nature of the role of UNDP as provider of development services and coordinator of partner contributions. They are therefore formulated at the level of strategic results framework outcomes and are the development changes over which UNDP has had, based on prior experience, a strong influence on partnerships, and where demonstrable progress can be made within the time frame of the MYFF.

26. By thus adopting a more prescriptive approach to the definition of results to be achieved at the country level, the organization believes that the adoption of core results will help to improve the criticality and positioning of country programmes in line with demonstrated good practice. As alluded to above, during the first MYFF period country offices typically formulated intended outcomes without consistent corporate guidance on what constituted desired results. While country offices will continue to formulate intended outcomes based on the country context, in dialogue

[3] Outcome at this level is referred by some development agencies as 'intermediary outcome', or the outcome to which the agency contributes directly and which therefore can characterize agency-attributable performance over which it has control. This performance also discussed below in relation with organizational effectiveness.

with national counterparts and through the CCA/UNDAF process, they will be encouraged to do so taking into account the core results suggested, and deemed organizationally critical, for the relevant service line. However, as offices plan interventions under a particular service line, they will now be expected to choose, and report on, the related core result(s) in addition to other outcomes they may wish to include.

27. This consistent use of core results will enable aggregation and clustering of similar outcomes, facilitating analysis and reporting to the Board and other external partners in greater depth and in a more meaningful way. The aggregation, in this respect, will allow not only quantitative analysis as in the past, but a substantive assessment of the cluster. It is hoped that the data from such an analysis will yield lessons that can more easily and effectively inform changes in policies, procedures or incentives for behavioural change. Importantly, a definition of core results can reinforce the guiding function of practices and knowledge networking by showing, in each area, what interventions are critical for achieving successful and sustainable results.

C. Measuring the UNDP contribution to development change

28. At the crux of the discussion of how to measure and report on the MYFF is the crucial relationship between *development effectiveness* and *organizational (or agency) effectiveness*. These concepts have been the focus of discussion for some time within UNDP, other multilateral development agencies and members of OECD/DAC.[4]

29. It is widely recognized that ownership and responsibility for development outcomes (and therefore development effectiveness) must ultimately lie with national authorities. However, development effectiveness depends on collective and coordinated action by a multiplicity of actors, both national and external. In this sense, development effectiveness is a measure of their aggregate impact and by definition can only be observed over a longer term (that is, at least several years).

30. The effectiveness of a development organization or agency (referred to as organizational effectiveness) is determined by measuring direct, accountable and attributable performance over which it has control, and which directly and demonstrably contributes to development effectiveness. In the case of UNDP, the judicious selection of outcomes, as described in section B1 above, may mitigate the problem. However, measures of organizational effectiveness could plausibly serve as an accountability standard and become the centrepiece of a performance assessment and management system. It is clear that, in addition to the ultimate goal of development change, the monitoring and reporting framework of UNDP must focus on measures of managerial effectiveness.

31. The MYFF, 2004-2007, describes a conceptual approach in which organizational effectiveness in UNDP is considered to comprise:

[4] This discussion borrows considerably from the broader discussion on development and agency effectiveness under the auspices of the OECD/DAC joint venture on managing for results.

(a) The attainment of key results for each of the 30 service lines that define the substantive focus areas of the MYFF. The MYFF document itself details the range of activities under each service line that is consistent with the comparative advantage of UNDP and its corporate goal of contributing to the MDGs and reducing poverty.

(b) The five drivers of development effectiveness described in chapter II. The drivers represent cross-cutting objectives of all UNDP programme activities, the attainment of which will enable the achievement of sustainable development outcomes.

(c) Management strategies to build internal operational capacities to implement country programmes, also described in chapter II.

32. The proposed reporting framework described in this document elaborates core corporate benchmarks and indicators for each of the above areas that, apart from establishing criteria for performance assessment and accountability, will signal a positive contribution of UNDP to development change.

IV. Indicators of organizational and development effectiveness

33. It should be recognized that the measures of organizational effectiveness selected will serve two broad management purposes: first, to enable substantive programme analysis on the attainment of key results relating to MYFF goals and service lines, as well as the five drivers of development effectiveness; and second, to enable corporate assessment of operational performance and capacities, primarily through population of the balanced scorecard. These two distinct but related uses of data imply different requirements: the information required for substantive programme analysis will have to include greater detail and nuance while the balanced scorecard requires a limited set of indicators (both lag and lead), allowing top management to follow programme and operational trends. Such information could pertain to the average number of intended results of a particular country or regional programme, the extent of alignment to core results and status against internal targets such as practice implementation, staff learning and aspects of organizational efficiency. Both types of information – on substantive programme performance and operational performance and capacities – will be included in UNDP reporting to the Executive Board through the results-oriented annual report (ROAR) and the MYFF report.

A. Aggregate indicators of performance: focus and criticality

34. A series of summary indicators that aggregate performance for the programme as a whole will be developed. These will include those related to the focus and criticality of programmes. The required data will be drawn from the country ROARs, the balanced scorecard, expanded audit reports and other data sources. The provision of these indicators will enable the Executive Board and UNDP management to monitor performance at the aggregate level.

B. Indicators of results by service line

35. As outlined in the section above, organizational effectiveness in UNDP will, at first, be measured by the attainment of results for each of the 30 service lines that define the substantive focus areas of the MYFF. As discussed earlier, a set of core results have been articulated for each service line that will be critical in guiding programmes towards greater focus and impact. Specific indicators for each core result are being developed, and will be communicated to country offices as part of the prescriptive guidance to practitioners in the field.

36. While adopting a more prescriptive approach to the definition of results to be pursued at the country level, the use of core results is a conscious effort to focus UNDP resources on "what works", thus establishing a set of corporate benchmarks and indicators for each service line. This approach lends itself to improved guidance to programming processes based on greater consistency and rigour.

C. Indicators of results in the use of drivers of development effectiveness

37. The quality and sustainability of UNDP country programmes will be critically strengthened or undermined, as the case may be, by the attention given to the implementation of the five drivers of development effectiveness described in paragraph 9. The importance of the drivers in achieving lasting results cuts across all service lines and programme interventions: promoting gender equality, the enhancement of national ownership and building purposeful partnerships, for example, are of equal priority in all MYFF goals and service lines.

38. UNDP considers it important to monitor and report to the Executive Board on its performance through all five drivers. The organization has drawn on the global technical expertise of its policy specialists, lessons gleaned from in-house evaluation databases and the accumulated experience of decades of development practice at the country level, as well as an analysis of actual programme activities across all goals and service lines reflected in ongoing country programmes This has produced, for each driver, the types of intervention that predicate successful implementation for the driver and which, taken together, offer a good basis for effectiveness and sustainability.

39. As an *example*, for the driver "promoting gender equality" UNDP considers the following three interventions to be essential:

(a) Advocating for gender needs analyses as a prerequisite to, or main element of, programming for human development goals;

(b) Facilitating participation and representation of women in national and sub-national arenas that make or influence policy decisions and those concerning the allocation of resources; and

(c) Enabling specific actions that empower women, in the form of financial commitments and other forms of resource allocation.

40. As can be seen, the statements are generic in nature, and policy specialists are currently developing specific measures, informed by feedback from country offices,

to assess whether UNDP is effectively promoting gender equality through its programme interventions under any service line.

D. Indicators of results in building organizational capacity

41. As indicated in chapter II of this document, the issue of organizational capacity has, over the past few years, been an overriding concern for UNDP. The Administrator's Business Plans, 2000-2003, (DP/2000/8) highlighted the necessity for UNDP to change and adapt in order to remain relevant in finding effective solutions to the emerging development challenges of the new millennium. For the first time, the MYFF, 2004-2007, establishes a conceptual correlation between the issue of capacity and the ability of the organization to deliver effective development services. It articulates a clear strategy for UNDP to build and/or strengthen existing capacity in selected areas that will sustain and promote the attainment of key results for the 30 service lines. These key areas are: (a) the provision of knowledge services, and (b) the improvement of efficiency and performance. Targeted strategic initiatives have been selected in these areas; these initiatives are described in detail in the MYFF document.

42. The success of UNDP in building organizational capacity will be measured through the use of indicators for each of the strategic initiatives. These indicators will reflect quantitative trends as well as desired behavioural modifications. In the area of knowledge services, UNDP capacity will be measured at four levels: (a) how well practice areas are taking hold in the organization; (b) the role of the SURFs in providing cutting edge policy and substantive support services; (c) investments in learning and training; and (d) the effectiveness of the new ERP system. In the second key area of the strategy, improvements in efficiency and performance will be tracked through quantitative indicators and polling methods (surveys) to capture the impact of the newly established regional support facilities, improvements in client orientation and productivity, and improvements in how the organization is managing its human and financial resources.

E. Indicators of results in deepening partnerships within and outside the United Nations system

43. The final set of measures pertains to organizational strategies for partnering effectively with the United Nations system and with civil society, the private sector, the media, development partners and other stakeholders. It may be recalled that the first MYFF, 2000-2003, helped to orient country programmes towards development outcomes and thus brought the importance of managing partnerships to the fore. Throughout 2000-2003, country offices were asked to articulate their partnership strategies against intended results, with approaches evolving over time as the organization advanced its thinking on country-level partnership strategies. Only modest progress was achieved in making this partnership information useful to various users throughout the organization. Indeed, what was intended to serve as strategic management intelligence on local and international stakeholders

contributing to shared priorities often became a static list of "who was doing what" with little monitoring or accountability value.

44. The MYFF, 2004-2007, revitalizes and raises the profile of partnerships within the work of UNDP. It presents a clear commitment to measure organizational effectiveness in partnering, which is to be viewed in two broad categories. These are:

(a) Strengthening the resident coordinator role in building partnerships around the MDGs; and

(b) Implementing the simplification and harmonization agenda to enhance collective impact at the country level.

45. UNDP attaches great importance to the resident coordinator function. The organization will seek to demonstrate that its actions place it at the vanguard of the commitment made by the Secretary-General to deliver a single United Nations at the country level and, in so doing, enhance the quality of its partnerships with national and international stakeholders. Likewise, having led the way by introducing an explicit results orientation into the harmonized programme implementation modalities for use by United Nations country teams, UNDP will continue to push forward with its commitment to the UNDG simplification and harmonization process, ensuring that the ongoing development and application of these instruments is fully aligned with national planning frameworks and priorities. While the partnering environment continues to evolve, placing new demands on UNDP, these two categories form the core of UNDP partnering strategies and the basis against which its organizational effectiveness is measured. UNDP will report achievements and challenges related to both parts of this strategy.

V. Framework for UNDP reporting to the Executive Board on the MYFF, 2004-2007

46. UNDP will continue to report to the Executive Board on progress towards results under the MYFF through a ROAR covering results achieved in the years 2004 and 2005. The ROAR for each year will be presented for Board consideration at the annual session immediately following each year. A cumulative assessment of results for the years 2004 to 2006 will be presented in the form of a MYFF report to the Board at its annual session in 2007. This will allow adequate time to receive the feedback and guidance of the Board and take this into account in preparing the third MYFF, 2008-2011.

47. The structure and format of the ROAR and MYFF report documents will closely correspond to the elements of organizational effectiveness identified in the MYFF document itself. Because of its more inclusive approach, the ROAR will serve as an integrated report; this presents opportunities to rationalize further the documentation submitted to the Executive Board. In broad terms, the analysis of results achieved in both reporting documents to be submitted to the Board will be presented in the following categories:

(a) Summary overview of performance against key strategic objectives of the MYFF (1 page);

(b) Analysis of substantive results by MYFF goal and service line (2-3 pages) and for each driver of development effectiveness, including the effectiveness of use of partnerships to achieve results (1 page for each driver);

(c) Analysis of results in building organizational capacity for development effectiveness (2-3 pages); and

(d) Analysis of programme and operational resources and expenditures under the integrated resources framework (2-3 pages).

48. A brief description of planned reporting under each of the above categories is given below.

A. Summary overview of performance against key strategic objectives of the MYFF

49. As indicated in chapter III, the ROARs and the MYFF report will provide strategic aggregate information presented in a quantitative form, supported by a succinct description of key trends and conclusions, to enable the Board to monitor the higher-level MYFF goals reflected in the following questions:

(a) How successful is the organization in achieving the strategic focus defined by the MYFF?

(b) How critical are the results supported by UNDP for the programme country, and are resources allocated in support of the most important results?

(c) How effective is UNDP in facilitating and coordinating partnerships towards the intended results?

The data in this section will presented, to a large extent, in a quantitative form, while supported by succinct description of key trends and conclusions.

50. In assessing the degree of *strategic focus*, the report will present the aggregate numbers of results, with their rates of achievement, falling within the areas defined in the MYFF service lines. This will help draw a corporate picture of the presence and effectiveness of UNDP in the areas where the organization is believed to best use its comparative advantage, respond to country-driven demand, mobilize additional resources and fulfil its mandate. An indication of the number and nature of country programme outcomes outside the MYFF-mandated service lines and core results areas will reveal the extent to which the resources of the organization are being dissipated, and where action is required to sharpen the its profile and improve programme positioning. Conversely, significant, observable demand for UNDP support outside the MYFF service lines and core results areas may indicate a need for their revision or adjustment to better reflect country demand.

51. Even within the strategic selection of results that country offices are striving to achieve within country programmes, some are normally of higher, more critical importance for the programme country than others. As the MYFF, 2000-2003, report showed, assessment of the *criticality of results*, through direct feedback from the resident representatives, allows the report to capture notable achievements that, in time, can bring significant development impact. The proposed reporting mechanism will build on this approach and produce a quantitative and qualitative analysis of

results that are seen as the most critical at the country level. This will be coupled with financial data showing to what degree resources are used for producing results in the areas of strategic focus as compared to those outside them, as well as the costs of achieving critically important results.

52. Experience during the first MYFF period clearly showed that in order for UNDP to make a tangible contribution to an intended result, influence over partnerships was essential. An assessment of the role that UNDP plays in facilitation and coordinating outcome-centred *partnerships* will enable the report to explain, in a concise, summary form, in which service lines and for what type of results UNDP demonstrates effective partnerships, as well as to identify lessons in partnership building.

B. Analysis of substantive results by MYFF goal and service line and for each driver of development effectiveness

53. Reporting under this category will be based on an analysis of clusters of programme outcomes, grouped in line with the core results defined for each service line that country offices will be required to report on. As was explained earlier in this document, the clustering of country programme outcomes according to their contribution to a corporate core result will allow comparability, aggregation and a depth of analysis that has not been possible under the current methodology. Since core results have been formulated to reflect the results over which UNDP has a relatively strong influence, observable progress (or otherwise) in achieving them, analysed for each programme country, can yield valuable lessons for corporate dissemination. The effective use of advocacy and "soft" interventions, and analyses by thematic areas as reflected in the thematic trust funds, will be reported on in this category. It is expected that a more nuanced, substantive assessment of MYFF goals and service lines will result in better and more actionable recommendations for policy change that can be presented to the Executive Board in the ROARs and the MYFF report.

54. The extent and effectiveness with which UNDP is incorporating the five drivers of development effectiveness into its country programming will be reported on. Any recommended policy changes resulting from this analysis that fall within the purview of the Executive Board will be brought to their attention through the ROARs and the MYFF report.

55. UNDP performance in the effective use of partnerships will be assessed, based on data compiled from the balanced scorecard. The analysis will focus on the achievements of UNDP and the challenges confronting it in improving the effectiveness of its partnerships around the MDGs, highlighting innovations and identifying internal and other obstacles to further improvement.

C. Analysis of results in building organizational capacity for development effectiveness

56. The success of UNDP in achieving key intended results in building its own capacity to deliver relevant, sought-after development services will be reported on by using both quantitative and qualitative information. The data will be compiled through a combination of instruments: the balanced scorecard, annual corporate surveys (the Global Staff Survey, the Headquarters Products and Services Survey and the Partnership Survey) and the annual corporate management plan, which highlights on a yearly basis the initiatives in support of the MYFF that will receive special attention from the senior management team. The raw data will be analysed and reported in the ROAR in a form that will enable the Board to see trends in UNDP performance and make informed decisions on potential corrective action.

D. Analysis of programme and operational resources and expenditures

57. Under this category, UNDP will present to the Executive Board an overview of the use of UNDP resources for the year (in the case of the ROARs), or cumulatively for the period 2004-2006 (in the case of the MYFF report). Expenditure data will be broken down by goal, service line, source of funds (including regular resources, donor co-financing and national resources), and resource category (programme support, management and administration, and support to United Nations operational activities). Summary data on expenditures for internal operations will be provided (more detailed information in this area will be reported through the periodic reporting to the Board on the biennial budget, which should be seen as a companion report to the ROARs and the MYFF report).

VI. Sources and verification of data for reporting

58. The primary data source for analysis and reporting to the Executive Board under the first MYFF period was the results-oriented annual report received from each country office every year. The integration of substantive and operational results under a single integrated framework under the MYFF, 2004-2007, the clearer and more precise definition of all expected results in the MYFF and their incorporation into unit and individual work planning tools, the incorporation of results targets in programming, evaluation and oversight instruments, the redefinition of the audit function in UNDP to focus more on programmatic and managerial processes related to results – all these recent developments are a manifestation of the increasing influence of the results orientation taking hold in UNDP.

59. An additional important source of data for reporting on the MYFF will be the range of surveys and client feedback mechanisms that have been instituted in UNDP in recent years. These include the partnership surveys, the Global Staff Survey, and the Country Office Survey of Headquarter Products and Services.

60. Accordingly, under the MYFF, 2004-2007, UNDP will use the entire range of internal reports and data sources (including country ROARs, the balanced scorecard, monitoring reports, evaluation and audit reports, financial statements, surveys and other tools) to report to the Executive Board on progress towards results. The introduction of the new ERP system in early 2004 should help to facilitate information sharing within the organization. A comparison of information received on the same subject from a variety of sources may also help in identifying methodological problems or needed adjustments to internal oversight instruments.

61. It should be remembered that the information presented by country offices in their annual ROARs is essentially a self-evaluation, possibly subject to inadvertent bias. The simultaneous use of other corporate data sources, in addition to enriching the results picture being painted, can serve to corroborate self-reported data or point to areas where further investigation is needed. Each country programme will be subject, at least once every MYFF cycle, to a direct verification of performance on results through an expanded audit. It is expected, though, that the use of self-assessment and the feeding back of lessons learned into practice will strengthen the virtuous circle of planning/implementation/monitoring/planning referred to earlier in this document.

VII. Conclusion

62. The proposals presented in this document for reporting to the Executive Board on the MYFF, 2004-2007, were inspired by the confirmation by the Board of the MYFF as the key policy document and strategic resource and management tool for UNDP, integrating the substantive and operational aspects of its work in a single framework. The proposed approach incorporates important conceptual and methodological advances that help the organization respond to the challenges of attribution and aggregation in the attempt to monitor its contribution to development change. The proposal embodies specific indicators and benchmarks to measure progress towards results that, if endorsed by the Board, can serve to inform the entire range of management and oversight processes in use, and thus strengthen accountability and results orientation at all levels of the organization.

63. The Administrator seeks Executive Board endorsement of the proposals contained in this document.